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#### ORGANIZATION OF BOOKKEEPING IN POLAND'S CENTRAL ADMINISTRATIONS

The aim of this article is to acquaint employees of central administrations with the organization of work in the bookkeeping division of one of the central administrations under the Ministry of Light Industry, and with certain bookkeeping methods and financial operations.

The Uniform Plan of Accounts for 1950 introduced important changes in bookkeeping procedure. Despite instructions and manuals distributed on this subject, numerous questions arise as to the handling of a particular item, vouchers necessary, etc.

According to the organization of the finance-bookkeeping system, functions are assigned to five divisions: plans and financial management, organization of accounting, financial statements and analysis, cost accounting, and bookkeeping.

The plans and financial-management division is concerned with the financial matters and credit of the enterprise, the budgets of the central administration, associations, and enterprises; financial planning, the details of financing industrial plans, progress reports on the execution of plans, amortization reserves, and control of payrolls.

The accounting-organization division works out instructions covering accounts set up for branches of the industry, as well as rules and explanations of bookkeeping procedure, issues regulations resulting from surveys by auditing commissions of the finance-bookkeeping sections, and inspects the status of bookkeeping in the enterprises.

The financial-statements and analysis division analyzes statements, prepares a collated balance sheet for the enterprises, and prepares trial balances.

The cost-accounting division analyzes production costs, works out directives to be followed on costs, audits the expenditures of the enterprises, and prepares statements covering cost of operations.

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The bookkeeping division handles bookkeeping and related correspondence. It draws up balance sheets and a statement on budgetary expenditures of the central administration. It handles credits and debits at the bank, settles invoices, handles cash payments, prepares payrolls, and keeps individual wage records. This work is handled by seven persons.

Work in the bookkeeping division is organized into two sections: the payment section (cashier) and the bookkeeping section. The bookkeeping section maintains the main financial ledger and the operations-analysis ledger, which is kept by key-punch methods. The latter is divided into two journal classifications: class 0 (capital goods), and class 3 (quantity-value). The records are kept on KRD forms, published by the Bookkeeping Forms and Equipment Enterprise in Warsaw.

The bookkeeping system should be set up with a view to the needs of the enterprise, and with a view to the preparation of statements at specified times. Operations-analysis ledgers may be handled by various means: keyhole-punch systems, tabular presentation, ledgers, etc. Entries in the accounts and subaccounts of the main ledger are the basis of all financial reporting and statements. Entries on the detailed-account-card records show all items which have been or will be posted in the main ledger and also give detailed specifications.

The important thing is to set up the main-bookkeeping ledger in such a way as to render periodic statements and reports, even if the detailed-record cards have to be balanced against the main ledger entries later.

Entries in the main ledger covering cash transactions are made on the basis of periodic statements of cash expenditures. Bank debits and credits are entered on the basis of individual vouchers.

Payroll sheets are credited to Payroll-Reserve Account 170 and simultaneously charged according to the proper account breakdown under groups 15 and 17. The receipted payrolls are attached to the disbursement authorization and the copies are kept on file. The sheets are numbered. Payroll-record cards are drawn up which include personal data on the worker and columns for wage totals.

The administrative-management account is set up to handle petty-cash disbursements by various officials as authorized by the section chief. This eliminates the necessity of keeping many separate accounts. The proper distribution of charges is handled by the cashier.

The administrative-management department issues receipts for all supplies received. It keeps a card inventory of all perishable supplies and stocks and prepares a monthly statement on supplies issued, and the values are computed by the bookkeeping department. Requisition vouchers are submitted with the statements for filing. The charges are posted by a single monthly entry.

The administrative-management department issues a durable goods receipt (KRD Form 0409) on receipt of capital-goods purchases. This is attached to the invoice. When durables are assigned to a member enterprise, suitable forms for the transfer of durable goods (KRDO Form 599) are prepared, which are the basis for making entries in accounts 00, 081, 082, and 07.

To facilitate work, the bookkeeping department has worked out the forms to be used in internal accounting for purchases made without accompanying bills and for travel vouchers.

With reference to entries in class 0 (capital goods), subgroups 000 are entered by keyhole-punch machines, but subgroups 020 and 030 are entered in separate card-record files under various headings to supply needed information to the investment division.

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Minor investment expenditures are defrayed by the cash account in NBP (Polish National Bank), and are refunded by the Investment Bank. The limits set by approved budgets for investment purposes are entered in special nonbalance-sheet accounts 099/1 and 099/2. Once a month a single entry of total expenditures (in group 02) is posted to these accounts.

Class 2 is concerned with social activities, and all expenditures are posted to subgroup 260. The difference between expenditures (account 260) and direct income (account 270) is credited to the social action fund 1890 (W-n), and charged against the reserve set up under the Social Program Fund 271 (Ma). This bookkeeping is necessary each month to draw up a statement of activity. Accounts 1890 and 1891 are broken down according to individual enterprises (formerly associations).

All cash, bank, and memorandum vouchers are filed together in numerical order. Experience of the past 6 months indicates that they need not be filed according to separate compartments.

The central administration has several agencies of the Chief Examining and Auditing Office in the field. The expenses and settlements of these agencies are handled as follows: the agency is allotted a monthly sum for wages, travel expenses, stationery, etc., which sum is charged to a reserve account under group 16. Once a month the agencies turn in a statement (financial report) supported by original vouchers, according to a uniform standard. These statements are the basis for charging detailed expenditures against classes 4 and 1 and crediting the reserve account under group 16. Separate books are not kept for these agencies; their expenses are provided for in the budget of the central administration. The examiners maintain cash books only, showing receipts and expenditures.

Bank statements are issued on the basis of debits and credits between enterprises supported by the following set of vouchers: consignor's invoice, receiving department's acknowledgement for delivery of goods, and consignee's due-for-collection form.

In the case of investment outlays through the Investment Bank, in addition to the above vouchers, two copies (B and D) of the transfer order for investment media are drawn up. Copy D is attached to the above-mentioned set of vouchers payable. Copy B, which includes a breakdown of service charges and interest in addition to the invoice total, is the basis for making the detailed charges against credit advanced. The separate interest entries are necessary for a proper breakdown of costs.

Concerning procedure, all invoices are sent to the bookkeeping division of the finance-bookkeeping department (payment section). The payment section checks invoices against purchase orders, attaches the management's approval for the purchase, attaches receiving department's receipt, checks the invoice for accuracy, and presents the invoice to the chief of the financial department. After approval, the invoice is sent to the head bookkeeper, who is assistant manager of the bookkeeping division.

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